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JF SmartInvest Holdings Ltd

九方智投控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9636)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of JF SmartInvest Holdings Ltd (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**” or “**we**”) for the six months ended June 30, 2024 (the “**Reporting Period**” or the “**Period**”), together with the comparative figures for the six months ended June 30, 2023 (the “**Corresponding Period**”).

HIGHLIGHTS

For the Reporting Period:

- The Group’s gross billing amounted to approximately RMB930.5 million, representing a decrease of approximately 26.2% from approximately RMB1,260.4 million for the Corresponding Period.
- The total revenue of the Group was approximately RMB898.1 million, representing an increase of approximately 4.4% compared to approximately RMB860.7 million for the Corresponding Period.
- The loss attributable to Shareholders of the Group was approximately RMB174.2 million as compared to the net loss attributable to Shareholders of approximately RMB37.8 million for the Corresponding Period.
- As of June 30, 2024, according to information displayed on the official website of the Securities Association of China, the Group had 343 employees with securities investment advisory qualifications granted by the Securities Association of China, ranking first among 78 companies with securities investment advisory qualifications, and we also have 1,678 employees who are qualified securities practitioners.
- As of June 30, 2024, the research and development department of the Group had 654 professionals, accounting for approximately 22.7% of the total employees, representing an increase of approximately 13.0% as compared to the Corresponding Period; the investment in research and development was approximately RMB154 million, representing an increase of approximately 6.2% as compared to the Corresponding Period, accounting for approximately 17.2% of the Company’s total revenue.
- As of June 30, 2024, the Group had a total of 488 accounts operated by MCNs on various internet platforms with approximately 45.6 million followers compared to an increase of 160 MCN accounts and approximately 14.6 million followers for the Corresponding Period.
- The Board does not recommend the payment of an interim dividend.

KEY FINANCIAL DATA

	For the six months ended June 30,		Change
	2024	2023	(%)
	<i>(RMB in millions)</i>		
Gross billing	930.5	1,260.4	(26.2)
Revenue	898.1	860.7	4.4
Gross profit	717.9	714.8	0.4
Loss from operations	(215.5)	(56.5)	(281.4)
Loss for the period	<u>(174.2)</u>	<u>(37.8)</u>	<u>(360.8)</u>
Non-HKFRS adjusted (loss)/profit for the period	<u><u>(153.3)</u></u>	<u><u>19.5</u></u>	<u><u>(886.2)</u></u>
Non-HKFRS			
Loss for the period	(174.2)	(37.8)	(360.8)
Add: Share-based compensation expense	20.9	57.3	(63.5)
Non-HKFRS adjusted (loss)/profit for the period	<u>(153.3)</u>	<u>19.5</u>	<u>(886.2)</u>

Note: In addition to the results provided in accordance with HKFRS, the Group also uses adjusted (loss)/profit for the period as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. The Group believes that the non-HKFRS adjusted (loss)/profit for the period under non-HKFRS financial measure by excluding the Share-based compensation expense, can better reflect the Company's business operations and facilitate comparisons of operating performance from period to period and company to company.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED
JUNE 30, 2024 – UNAUDITED**

		Six months ended June 30,	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Revenue	4	898,143	860,659
Cost of sales		<u>(180,278)</u>	<u>(145,858)</u>
Gross profit		717,865	714,801
Other (loss)/income – net	5	(28,101)	102,969
Sales and marketing expenses		(552,956)	(532,046)
Research and development expenses		(154,498)	(145,470)
General and administrative expenses		(199,281)	(196,738)
Impairment reverse		<u>1,454</u>	<u>–</u>
Loss from operations		(215,517)	(56,484)
Finance costs		<u>(1,270)</u>	<u>(999)</u>
Loss before taxation	6	(216,787)	(57,483)
Income tax	7	<u>42,605</u>	<u>19,716</u>
Loss for the period		<u>(174,182)</u>	<u>(37,767)</u>
Attributable to:			
Equity shareholders of the Company		(174,182)	(37,767)
Non-controlling interests		<u>–</u>	<u>–</u>
Loss for the period		<u>(174,182)</u>	<u>(37,767)</u>
Loss per share			
Basic and diluted (in RMB)		<u>(0.40)</u>	<u>(0.09)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2024 – UNAUDITED

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Loss for the period	<u>(174,182)</u>	<u>(37,767)</u>
Other comprehensive income for the period (after tax)		
<i>Item that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Mainland China	<u>4,285</u>	<u>32,478</u>
Other comprehensive income for the period	<u>4,285</u>	<u>32,478</u>
Total comprehensive income for the period	<u>(169,897)</u>	<u>(5,289)</u>
Attributable to:		
Equity shareholders of the Company	<u>(169,897)</u>	<u>(5,289)</u>
Non-controlling interests	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>(169,897)</u>	<u>(5,289)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2024 – UNAUDITED**

		At June 30, 2024	At December 31, 2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		227,820	131,735
Property, plant and equipment	<i>9</i>	19,122	21,036
Right-of-use assets	<i>10(a)</i>	40,503	5,829
Intangible assets		37,537	2,053
Deferred tax assets		130,658	102,817
		<hr/>	<hr/>
Current assets		1,789,469	2,326,871
Financial assets measured at fair value through profit or loss (“FVPL”)	<i>11</i>	868,683	1,322,532
Financial assets purchased under resale agreements		–	30,831
Prepayments and other receivables	<i>12</i>	171,016	227,335
Restricted cash	<i>13(c)</i>	453	303
Time deposit	<i>13(b)</i>	27,860	–
Cash and cash equivalents	<i>13(a)</i>	721,457	745,870
		<hr/>	<hr/>
Current liabilities		920,836	943,775
Financial liabilities measured at fair value through profit or loss		8,384	19,545
Financial assets sold under repurchase agreements		24,330	13,233
Contract liabilities	<i>14</i>	614,615	689,322
Income tax payable		–	47,218
Accrued expenses and other current liabilities	<i>15</i>	233,706	168,584
Lease liabilities	<i>10(a)</i>	39,801	5,873
		<hr/>	<hr/>
Net current assets		868,633	1,383,096
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets less current liabilities		1,096,453	1,514,831
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2024 – UNAUDITED (Continued)

		At June 30,	At December 31,
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Non-current liabilities		2,052	34
Lease liabilities		<u>2,052</u>	<u>34</u>
NET ASSETS		<u>1,094,401</u>	<u>1,514,797</u>
Capital and reserves			
Share capital	<i>16(a)</i>	4	4
Reserves		<u>1,094,397</u>	<u>1,514,793</u>
Total equity attributable to equity shareholders of the Company		1,094,401	1,514,797
Non-controlling interests		<u>–</u>	<u>–</u>
TOTAL EQUITY		<u>1,094,401</u>	<u>1,514,797</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. GENERAL INFORMATION

The Company was incorporated on May 3, 2021 in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Group is principally engaged in online investment decision-making solution services. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since March 10, 2023.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on August 29, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended to HKFRSs to this interim financial information for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("**2020 amendments**");
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("**2022 amendments**");
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*;
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures – Supplier finance arrangements*;

The above new standards and amendments does not have a material impact on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

The principal activities of the Group are mainly selling SmartInvest Pro and SmartInvest Info in the PRC.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
SmartInvest Pro	444,211	514,749
SmartInvest Info	449,512	345,909
Others	4,420	1
	<u>898,143</u>	<u>860,659</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Over time	<u>898,143</u>	<u>860,659</u>

The Group's customer base is diversified and no customer individually accounted for more than 10% of the Group's total revenue in the six months ended June 30, 2023 and 2024.

Remaining Performance Obligation

The Group has elected the practical expedient not to disclose the information about remaining performance obligations which are part of contracts that have an original expected duration of one year or less and do not disclose the value of remaining performance obligations for contracts in which the Group recognises revenue at the amount to which the Group has the right to invoice.

All of the Group's operating assets are located in the PRC and all of the Group's revenue and operating profits are derived from the PRC during the six months ended June 30, 2023 and 2024. Accordingly, no segment analysis based on geographical locations is provided.

5. OTHER (LOSS)/INCOME

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Government grants		
– VAT refund	54,772	81,449
– other government grants	4,781	23,317
Interest income	6,603	6,133
Net loss on financial assets at fair value through profit or loss	(94,612)	(6,012)
Exchange loss	(4,170)	(3,935)
IT services	3,972	–
Others	553	2,017
Total	<u>(28,101)</u>	<u>102,969</u>

6. LOSS BEFORE TAX

Loss before taxation is arrived at after charging:

(a) Staff cost

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	522,301	420,686
Contributions to defined contribution retirement plan	31,922	24,955
Equity-settled share-based compensation expenses	20,927	57,250
	<u>575,150</u>	<u>502,891</u>

Included in:

Cost of sales	174,152	139,106
Research and development expenses	139,825	134,449
General and administrative expenses	103,437	99,179
Sales and marketing expenses	157,736	130,157

(b) Finance cost

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense on lease liabilities (<i>note 10</i>)	1,270	999

(c) Other items

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Internet traffic procurement expenses	395,221	401,889
Depreciation of right-of-use assets (<i>note 10</i>)	40,372	26,327
Cloud server operation fee	17,537	6,238
Rental and property fee	10,291	7,966
Taxes and surcharges	9,715	13,048
Technology service fee	7,377	4,292
Office and travel expenses	6,131	4,257
Depreciation charge (<i>note 9</i>)	3,492	4,266
Amortisation of intangible assets (<i>note 11</i>)	1,132	2,515
Audit fee	650	800
Listing expenses	–	22,680
Donation	–	4,766
Impairment reverse	(1,454)	–

7. INCOME TAX CREDITED TO THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated statements of profit or loss:

		Six months ended June 30,	
		2024	2023
	Note	RMB'000	RMB'000
Current tax			
– PRC Enterprise Income Tax (“EIT”) Provision for the period		–	25,330
– Over-provision in prior years	7(b)	(14,764)	(6,454)
Deferred tax			
– Origination of temporary differences		(27,841)	(38,592)
		<u>(42,605)</u>	<u>(19,716)</u>

(b) Reconciliation between tax benefit and accounting loss at applicable tax rates:

		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
Loss before taxation		<u>(216,787)</u>	<u>(57,483)</u>
Notional tax on loss before taxation, calculated at the rates applicable in the jurisdictions concerned		(36,332)	(9,950)
Tax effect of PRC preferential tax rate		18,320	8,865
Super-deduction of research and development expense		(33,517)	(32,703)
Tax effect of non-deductible expenses		877	14,966
Tax effect of non-taxable income		(3,628)	–
Tax effect of tax losses and temporary differences not recognised		33,278	6,456
Recognition of previously unrecognised tax losses and temporary differences		(6,839)	(447)
Over-provision in prior year		(14,764)	(6,454)
Others		–	(449)
Actual income tax benefit		<u>(42,605)</u>	<u>(19,716)</u>

Notes:

Cayman Islands and BVI

Under the current laws of the Cayman Islands and BVI, the Group is not subject to tax on income or capital gains. Additionally, upon payments of dividends by JF SmartInvest Holdings Ltd to its shareholders, neither Cayman Islands nor BVI withholding tax will be imposed.

Hong Kong

The Company’s Hong Kong subsidiary, are subject to an income tax rate of 16.5% for the year ended December 31, 2023 and the six months ended June 30, 2024. No provision for Hong Kong profits tax was made as the Group’s Hong Kong subsidiary had no estimated assessable profit that was subject to Hong Kong profits tax for the period ended June 30, 2023 and 2024.

7. **INCOME TAX CREDITED TO THE CONSOLIDATED INCOME STATEMENT** (Continued)

(b) **Reconciliation between tax benefit and accounting loss at applicable tax rates:** (Continued)

PRC

All the Company's subsidiaries established in the PRC, are subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax Law (the "EIT Law") for the year ended December 31, 2023 and the six months ended June 30, 2024.

Jiufangyun was granted the "Key Software Enterprise" status in April 2024, and therefore was entitled to a preferential income tax rate of 10% for the fiscal year of 2023.

Jiufangyun was granted the "Eligible high-tech enterprise" status in November 2021 and therefore was entitled to a preferential income tax rate of 15% for the years ended December 31, 2021, 2022 and 2023, as long as it continues meeting the related requirements. As at June 30, 2024, Jiufangyun is applying the "Eligible high-tech enterprise" for the years ending December 31, 2024, 2025 and 2026 and will be entitled to a preferential income tax rate of 15% for that three years once approved.

8. **LOSS PER SHARE**

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the company and the weighted average number of ordinary shares in issue.

Weighted average number of ordinary shares (basic):

	Six months ended June 30,	
	2024	2023
Ordinary shares at beginning	437,657,000	81,230
Effect of treasury shares	–	(5,686)
Effect of Capitalization Issue on March 10, 2023 (note 16(a))	–	377,644,456
Effect of shares issued upon the completion of the IPO (note 16(a))	–	37,253,436
Effect of shares repurchased (note 16(a))	(5,089,986)	–
Weighted average number of ordinary shares	<u>432,567,014</u>	<u>414,973,436</u>

Basic loss per share:

	Six months ended June 30,	
	2024	2023
Loss attributable to ordinary equity shareholders of the Company (RMB'000)	(174,182)	(37,767)
Weighted average number of ordinary shares	432,567,014	414,973,436
Basic loss per share attributable to ordinary equity shareholders of the Company (RMB per share)	<u>(0.40)</u>	<u>(0.09)</u>

For the six months ended June 30, 2024 and 2023, unvested shares under the Pre-IPO RSU Scheme (note 16(c)) were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2024 and 2023 were the same as basic loss per share of the respective periods.

9. PROPERTY, PLANT AND EQUIPMENT

	Electronic and other office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:				
At January 1, 2023	29,899	264	4,663	34,826
Additions	10,305	–	161	10,466
Disposals	(104)	–	–	(104)
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2023/January 1, 2024	40,100	264	4,824	45,188
Additions	1,598	–	–	1,598
Disposals	(207)	–	–	(207)
Addition through acquisition of subsidiary	2,175	–	–	2,175
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At June 30, 2024	43,666	264	4,824	48,754
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Accumulated depreciation:				
At January 1, 2023	(13,687)	(149)	(1,323)	(15,159)
Charge for the year	(8,884)	(57)	(136)	(9,077)
Disposals	84	–	–	84
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2023/January 1, 2024	(22,487)	(206)	(1,459)	(24,152)
Charge for the period	(3,286)	–	(206)	(3,492)
Disposals	171	–	–	171
Addition through acquisition of subsidiary	(2,159)	–	–	(2,159)
	<hr/>	<hr/>	<hr/>	<hr/>
At June 30, 2024	(27,761)	(206)	(1,665)	(29,632)
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Net book value:				
At June 30, 2024	15,905	58	3,159	19,122
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At December 31, 2023	17,613	58	3,365	21,036
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10. LEASE

(a) Amounts recognised in the consolidated statements of financial position:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Right-of-use assets		
– Buildings	<u>40,503</u>	<u>5,829</u>
Lease liabilities		
– Current	(39,801)	(5,873)
– Non-current	<u>(2,052)</u>	<u>(34)</u>
	<u>(41,853)</u>	<u>(5,907)</u>

The analysis of the net book value of right-of-use assets is presented below:

	Office buildings RMB'000
At January 1, 2023	46,147
Additions	35,274
Lease terminations	(16,655)
Charge for the year	<u>(58,937)</u>
At December 31, 2023	5,829
Additions	78,077
Lease terminations	(3,031)
Charge for the period	<u>(40,372)</u>
At June 30, 2024	<u>40,503</u>

The following table shows the remaining contractual of the Group's liabilities at each report date:

	At June 30, 2024	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Less than 1 year	39,801	40,716
After 1 year but within 2 years	1,154	1,278
After 2 years but within 5 years	<u>898</u>	<u>915</u>
Subtotal	<u>41,853</u>	42,909
Less: total future interest expenses		<u>(1,056)</u>
Present value of lease liabilities		<u>41,853</u>

10. LEASE (Continued)

(a) Amounts recognised in the consolidated statements of financial position: (Continued)

	At December 31, 2023	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Less than 1 year	5,873	5,941
After 1 year but within 2 years	34	34
Subtotal	<u>5,907</u>	<u>5,975</u>
Less: total future interest expenses		<u>(68)</u>
Present value of lease liabilities		<u>5,907</u>

(b) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Six months ended June 30,	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Depreciation charge of right-of-use assets	40,372	26,327
Interest expense on lease liabilities	1,270	999
Expense relating to short-term leases	188	96
Gain on lease terminations and modifications	(64)	(319)
Total	<u>41,766</u>	<u>27,103</u>

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

		At June 30, 2024 <i>RMB'000</i>	At December 31, 2023 <i>RMB'000</i>
Equity securities			
– Wealth management products	(i)	27,832	10
– Listed equity securities	(ii)	118,172	386,612
– Asset management plan	(iii)	108,348	105,858
– Funds	(iv)	466,789	686,776
– Bonds	(v)	107,770	138,175
– ABS		–	5,101
– Subordinated debt		39,772	–
		<u>868,683</u>	<u>1,322,532</u>

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note:

- (i) Wealth management products issued by banks mainly invest in money market and fixed income products, including government bonds, treasury bills, and other fixed income investments. Wealth management products can be redeemed upon demand.
- (ii) Listed equity securities include listed stocks, funds and tradable convertible bonds. All of which have readily determinable fair values and are measured at fair value.
- (iii) Asset management plans are managed by a fund management company, the underlying investments are mainly listed stocks and fixed income investments, all of which have readily determinable fair values and are measured at fair value.
- (iv) Funds are managed by fund management companies, the underlying investments are mainly government bonds, corporate bonds and other fixed income investments. All of which have readily determinable fair values and are measured at fair value. Funds can be redeemed upon demand.
- (v) Bonds are mainly corporate bonds and have readily determinable fair values and are measured at fair value.
- (vi) The Group determines whether or not to consolidate structured entities depending on whether the Group has control over them.

The Group enjoys equity in structured entities initiated by third-party institutions through direct or indirect holding of investments. The unconsolidated structured entities mainly including funds, asset management plans and wealth management products. The purpose of the Group holding these structured entities is to obtain investment returns, capital appreciation, or a combination of both. There was no contractual liquidity arrangement, guarantee or other commitment between the Group and unconsolidated structured entities.

As at June 30, 2024, the interests held by the Group in the consolidated and unconsolidated structured entities are RMB785,456,000 and RMB602,969,000 (As at December 31, 2023: RMB1,255,439,000 and RMB792,644,000), respectively.

- (vii) As at June 30, 2024, the individual investment exceeding 5% of total assets is as follows:

	At June 30, 2024 RMB'000
Panhou Weiran – Wisdom Selection No. 10 Private Securities Investment Fund	253,734
Galaxy Product No.10	<u>117,288</u>

12. PREPAYMENTS AND OTHER RECEIVABLES

		At June 30, 2024	At December 31, 2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
VAT refund receivable		8,852	9,720
Prepayment for acquisition		36,400	63,552
Amounts due from related parties, net of loss allowance	(i)	37,644	35,675
Loan to a third party		–	23,831
Prepayment to suppliers		44,406	54,950
Deposits		19,620	14,871
Employee loans		7,050	11,600
Receivables from IT services		9,612	9,497
Receivables from internet platforms		626	328
Others		6,806	3,311
		<u>171,016</u>	<u>227,335</u>

Note:

(i) As at June 30, 2024, the nature of amounts due from related parties is as follows:

	At June 30, 2024	At December 31, 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from related parties		
– Trade	37,644	35,675
– Non-trade	–	–
	<u>37,644</u>	<u>35,675</u>

(ii) Movement in the loss allowance account in respect of prepayments and other receivables during the period/year is as follows:

	Movement in the loss allowance <i>RMB'000</i>
Balance at January 1, 2023	–
Impairment losses recognised	<u>2,162</u>
Balance at December 31, 2023	<u>2,162</u>
Balance at January 1, 2024	2,162
Impairment losses reversed	<u>(1,454)</u>
Balance at June 30, 2024	<u>708</u>

13. CASH AND CASH EQUIVALENTS, TIME DEPOSIT AND RESTRICTED CASH

(a) *Cash and cash equivalents comprise:*

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Cash at banks	687,313	737,036
Cash equivalents (i)	33,971	8,630
Cash on hand	173	204
	<u>721,457</u>	<u>745,870</u>

(i) Cash equivalents represents cash balances kept in third party payment companies, which can be withdrawn by the Group at any time.

(b) *Time deposit*

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Time deposit	<u>27,860</u>	<u>—</u>

As at June 30, 2024, time deposits with initial terms of over three months were neither past due nor impaired, the carrying amounts of the time deposits with initial terms of over three months approximated their fair values. The effective interest rate for period ended June 30, 2024 was 4.62%.

(c) *Restricted cash*

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Restricted cash	<u>453</u>	<u>303</u>

Restricted cash consists of funds that are contractually restricted as to usage or withdrawal due to regulatory requirement. The Group's restricted cash are all denominated in RMB and are all placed at financial institutions in the mainland of the PRC. The Group has presented restricted cash separately from cash and cash equivalents on the consolidated statements of financial position.

14. CONTRACT LIABILITIES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Advances received from customers	<u>614,615</u>	<u>689,322</u>

14. CONTRACT LIABILITIES (Continued)

Movements in contract liabilities

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Balance at January 1,	689,322	577,152
Additions	1,114,296	2,536,175
Decrease in contract liabilities as a result of recognising revenue during the period/year that was included in the contract liabilities at the beginning of the period/year	(504,178)	(481,074)
Decrease in contract liabilities as a result of recognising revenue during the same period/year	(393,965)	(1,484,313)
Decrease in contract liabilities as a result of refund to customers	(290,860)	(458,618)
	<u>614,615</u>	<u>689,322</u>

The contract liabilities relate to the advance subscription fees received from customers, for which revenue is recognised over time. Subscription fees of RMB1,114 million and RMB2,536 million were received in the six months ended June 30, 2024 and the year ended December 31, 2023 respectively, of which, RMB394 million and RMB1,484 million were recognised as revenue in the same period/year.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Note	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Dividend payable		89,958	–
Amounts due to related parties	(i)	–	2,516
Amount due to employee		–	9,112
Accrued payroll and welfare		82,106	90,943
VAT and surcharges payable		28,137	27,811
Accrued internet traffic procurement expense		7,754	14,282
Advances from customers		7,613	6,849
Other accrued expenses and other payables		18,138	17,071
		<u>233,706</u>	<u>168,584</u>

Note:

(i) As at June 30, 2024 and December 31, 2023, the nature of amounts due to related parties is as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Amounts due to related parties		
– Trade	–	2,516
– Non-trade	–	–
	<u>–</u>	<u>2,516</u>

16. CAPITAL AND RESERVES

(a) *Share capital*

The Company was incorporated in the Cayman Islands in May 2021 with an authorised share capital of HK\$20,000 divided into 2,000,000,000 shares of a nominal or par value of HK\$0.00001 each.

On July 20, 2021, 81,230 shares were allotted and issued to shareholders of the Company with par value of HK\$0.00001 each.

Upon completion of the IPO, the Company issued 4,999 shares for each share and issued 59,937,000 new ordinary shares at par value of HK\$0.00001 each for cash consideration of HK\$17.00 each, and raised gross proceeds of approximately RMB904,187,000. The share issuance costs paid and payable mainly include underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which were incremental costs directly attributable to the issuance of the new shares and were treated as a deduction against the share premium arising from the issuance. The respective share capital amount was approximately RMB4,000 and share premium arising from the issuance was approximately RMB853,572,000, net of the share issuance costs.

As of the period ended June 30, 2024, the Company repurchased a total of 17,730,000 ordinary shares that had been listed on the Stock Exchange of Hong Kong Limited. The total amount to repurchase these ordinary shares was approximately equivalent to RMB181,468,000. As at June 30, 2024, a total of 17,730,000 repurchased ordinary shares have been cancelled.

(b) *Dividends*

- (i) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK22 cents per share (2023: HK50 cents)	<u>89,958</u>	<u>214,861</u>

(c) *Equity settled share-based transactions*

On February 3, 2023, the Company granted all Awards under the Pre-IPO RSU Scheme with an aggregate of 5,686 Shares, which adjusted to 28,430,000 Shares upon completion of the IPO. The RSUs granted would vest in tranches from the grant date over a certain service period, on specific service condition that the employees remain in service and scheduled to be vested over two to five years without any performance condition requirements.

Set out below are the movements in the number of equity instruments under the equity incentive plan:

	At June 30, 2024	At December 31, 2023
At the beginning of the period	28,430,000	28,430,000
Exercised	–	–
Granted	–	–
Forfeited	<u>(7,110,000)</u>	–
At the end of the period/year	<u>21,320,000</u>	<u>28,430,000</u>

16. CAPITAL AND RESERVES (Continued)

(c) *Equity settled share-based transactions (Continued)*

The total expenses recognized in the consolidated statement of profit or loss for RSUs granted to the Group's employees under the Pre-IPO RSU Scheme are RMB20,927,000 and RMB57,250,000 during the six months ended June 30, 2024 and 2023, respectively.

At the reporting date, the amount recognised as an expense is adjusted to reflect the actual number of RSUs that vest. During the six months ended June 30, 2024, 7,110,000 shares are forfeited due to the vesting conditions are not satisfied and corresponding expense of RMB32,228,000 are reversed.

MANAGEMENT ANALYSIS AND DISCUSSION

BUSINESS REVIEW AND OUTLOOK

Business Review

Being a leading online investment decision-making solution provider in China, we focused in the online investor content service market and are committed to providing investors with diversified products and services to help them master financial knowledge and accumulate market experience, thereby enhancing their investment decision-making capabilities, and truly become an investor's "market assistant, stock selection assistant, research and analysis assistant, and doubt eliminating assistant", and we are determined to become "the life-long investment and financial management companion of our customers."

During the Reporting Period, the performance of the capital market was weak, and the volatility and uncertainty of the stock market became more prominent. However, we firmly focused on the main business, adhering to the principle of "customer-centric", and rose to the challenge. Affected by this, although the Company realized an order amount of approximately RMB930.5 million, it still represents a decrease of approximately 26.17% compared with approximately RMB1,260.4 million in the same period.

In the face of the market downturn, we adhered to the product-centric approach, relying on our in-depth understanding of China's capital market and individual investors, strategically upgrading our products through all aspects. The App is gradually realizing its transformation from a tool to a platform, bringing together multiple advantages such as investment advisory services and professional content, and covering all market trends, information, short videos and livestream, continuously optimizing and iterating to scale and standardize our products and services. At the same time, we continued to enrich the small-value product matrix to meet the diversified needs of users and to improve the user experience in order to drive the steady growth of our operations and income. Through the product and accompanying service system of the whole life cycle, we continued to provide customers with warm professional services, deeply understand and respond to customer needs on time, bringing emotional value to the experience, so as to enhance investors' sense of acquisition, security and happiness.

In the face of challenges, we have unwaveringly promoted the corporate strategy of "technology + investment research" dual drivers, giving full play to our advantages in the output of professional investment and research content and financial technology innovation, expanding new business lines, and promoting the innovation and upgrading of existing products, which aims to meet the individualized service experience and investment needs of individual investors with different investment experiences. We adhered to the development belief of "Technology Driven Finance", accelerated the transformation of "Digital Intelligence", vigorously developed "AI+", relied on the continuous optimization and upgrading of AI technologies such as the "Jiuzhang Securities Sector Large-scale Model", and applied them to various applications, deeply cultivate and empower scenarios in order to improve investor experience and stickiness, so as to create more value for them. At the same time, we are exploring digital cooperation externally to comprehensively build an AI-driven business system, and lay a more solid technical foundation for the Company's sustainable development, demonstrating our firm determination and strength to continue to innovate.

During the Reporting Period, we have always kept in mind the responsibilities of a public company and strove to create better returns for shareholders and investors. The Company's shares have been repurchased since April 2024. As of 7 June 2024, the Company has completed the share repurchase, totaling 17,730,000 shares repurchased, with a total capital of approximately HK\$198 million. On June 21, 2024, all repurchased shares were cancelled.

Expanding new business, filling in industry gaps, improving product matrix

During the Reporting Period, we further improved the product matrix to meet the customized and diversified needs of customers, strengthen the company's competitiveness, and promote the diversification of revenue sources. To this end, we continue to optimize the existing software product system and actively expand the new business line of learning machines, a hardware product.

- Launch our first stock learning hardware product. Enjoy-Stock – JF SmartInvest stock learning machine, which is designed to create a dedicated learning platform for investors, explore ways to survive in the stock market, and build their own investment logic and system, and fill the market gap in professional stock learning products.
- Enrich the small-amount product matrix. We continued to launch more than 20 lightweight products to help customers identify risks and improve decision-making efficiency. The cumulative number of users of small-amount products reached approximately 347,000, and approximately 300,000 new App registered users were added. At the same time, we optimized the homepage of the “small-amount product mall” with improved product display and category navigation to enhance users' purchasing experience.
- B-side digital cooperation was carried out. With our accumulation in the fields of technology research and development and AI, and as an “information technology system service organization” registered with the China Securities Regulatory Commission, we carried out digital cooperation with financial institutions and traditional media to provide customized intelligent solutions to help them improve their technology capability.

Continuous research and development investments, implement intelligent investment advisory, empowering products and applications

We regard innovation and technology research and development as the core driving force of the company. We have established a stable and efficient technology research and development team that continued to work hard around the “Digital Intelligence” transformation, accelerated the promotion of implementation and application of AI in App, learning machine, AI compliance system and various scenarios to improve operational efficiency; Leveraging on years of massive data accumulation and R&D capabilities in the securities industry, we will continue to strengthen our financial vertical capabilities and integrate it into products and services in an orderly manner.

- Exploring the application of AI in intelligent investment advisory. 1) Empowering the App to comprehensively enhance the professional investment advisory capabilities of Jiuzhang Securities Sector Large-scale Model, covering stock diagnosis, stock selection, information, investment education and customer service, optimizing TOP100 Q&A, strengthening intelligent interaction, and applying to the intelligent investment digital advisor “Jiu Ge”. During the Reporting Period, the “Jiu Ge” (“九哥”) served approximately 257,000 customers, with a total of 15.83 million service times, and launched a simultaneous online information reading assistant, smart labels and personalized recommendation, providing investors with a convenient, efficient and low-cost investment experience; 2) Empowering Learning machine, using “Smart Investment and Consulting” to aid with learning, “AI Brainstorm” to filter key points, “AI Notebook” for express recording, intelligent applications around application scenarios are created to comprehensively improve learning efficiency; 3) Empowering compliance, and building smart compliance management solution 3.0 to achieve full traceability coverage, smart quality inspection, and smart risk control, Human-machine collaboration, the cumulative monitoring of approximately 490 million times and the auxiliary audit reaching 5 million times, significantly improving efficiency.

- Continued increase in research and development strength and investment. As of June 30, 2024, our research and development department had 654 professionals, accounting for 22.7% of the total number of employees, representing an increase of approximately 13% over the same period. During the Reporting Period, approximately RMB154 million was invested into research and development, which is an increase of 6.2% over the same period, and research and development investment accounted for approximately 17.2% of the Company's total revenue. In addition, we had 32 new software copyrights in terms of product functions, big data, and AI during the Reporting Period.
- Filing and safety prevention and control of large models. We have completed the filing of the deep synthesis service algorithm of the Jiuzhang Securities Sector Large-scale Model algorithm. It indicates that the Company has been recognized by both the industry and the regulation in terms of AI controllability and security, which demonstrates our accumulation in the field of AI technology and provides technical support for the comprehensive upgrade of financial services.

Consolidate investment and consultation, deeply cultivate the buyer investment advisory

We practice the corporate strategy of “technology + investment research” dual drivers, deeply implement the concept of the “30/70 rule in investment and advisory service”, and utilise AI to improve the efficiency and quality of investment and research, consolidating our core investment and research strength. In the breakthrough transformation in the field of “buyer’s investment and consultation”, relying on the deep knowledge of China’s capital market and individual investors, we focus on the practical application and transformation of investment research content, empowering software and hardware products, thereby enhancing customers’ investment experience and sense of acquisition.

- Implement of “buyer investment advisory” helps customers make decisions. During June, our professional stock review programs output an average of approximately 28 programs per day, with a total duration of 18.5 hours, covering pre-market, intra-market, and post-market periods every day. We actively interact with investors and answer their questions. The average number of inquiries per day exceeds 3,100. JF research centre has developed more than 145 sets of self-developed high-quality courses with constant updates, which has built a nine-dimensional course system to achieve full coverage of investment difficulties, to empower learning machines, with a total of more than 900 lessons and a total of 10,000 minutes.
- JF research centre consolidates investment and research capabilities. As of June 30, 2024, the JF research centre has 151 professionals with rich experience covering research, investment and other financial fields. During the Period, we conducted research activities for about 90 listed companies and wrote more than 1,000 analytical articles covering macro-politics and economics, industry, corporate and financial engineering and other fields. At the same time, we designed 73 sets of special courses, including 341 class hours, with a cumulative duration of more than 3,000 minutes.
- We successfully entered the “Postdoctoral Innovation Practice Base in Putuo District”. We deeply integrate postdoctoral training into our long-term talent strategy, and are committed to enhancing scientific research competitiveness and corporate innovation, promoting the application of AI technology in the financial verticals, transforming our talent advantages into high-quality development momentum of the Company, and providing customers with better financial services experience.

Adhering to full range operation, coordinated development of traffic, brands and products

In order to realize the full range of online and offline operations, we integrate self-media and traditional media, break down channel barriers, coordinate the development of traffic, brand and products, value content quality, enhance user experience, deepen brand impression, and jointly promote the in-depth integration and development of brands and users. We use refined traffic operation as our core strategy to continuously improve the customer acquisition model. Through the analysis of user behavior data, a detailed portrait of potential users is constructed to gain an in-depth understanding of user needs and preferences. We carry out refined traffic stratification and use advanced algorithms to ensure that the content accurately reaches users of different levels, achieving efficient conversion and stable retention.

- During the Reporting Period, we expanded our brand exposure, optimized live broadcast efficiency, and enhanced audience experience through collaborations with multiple platforms such as Douyin, Xiaohongshu, and WeChat Channels. The live broadcast lasted 23,466 hours cumulatively with 12,487 sessions, compared to an increase of 12,208 hours and 4,778 sessions for the Corresponding Period; We also gained approximately 14.6 million followers over the same period and added 160 MCN accounts operating on different internet platforms, reaching 488 accounts and approximately 45.6 million followers respectively.
- The “JF SmartInvest” brand successfully entered the 2024 China Brand Day Gala and won the “My Favorite Chinese Brand of 2024” award; at the same time, as the exclusive title sponsor of CBN’s live-streaming of 2023 Berkshire Hathaway Annual Shareholders Meeting, at the Berkshire Hathaway Annual Shareholders Meeting in May this year, we invited a number of experts and scholars to deconstruct the wealth concept and interpret value investment views of Buffett for investors from multiple dimensions and levels. The total web traffic of this live broadcast is nearly 227 million, which further enhances our brand influence and reputation.

Main business situation

During the Reporting Period, we mainly generated revenue from the following products and services:

- A. We provide data services to paying customers through our flagship series of SmartInvest Pro on our self-owned JF SmartInvest App which has mobile and PC versions. Such data services include various online high-end quality services such as market data processing, indicator analysis tools, cloud disk viewing, pre-recorded online investment teaching courses, live broadcasts, and quick market reviews. These series are tailored for the greater affluent class of individual investors.
- B. We provide financial information software services to paying customers through our flagship series of SmartInvest Info on our self-owned JF SmartInvest App which has mobile and PC versions. These services include the provision of professional, timely and extensive financial market-related information, data analysis and investment decision support. These series are tailored for customers with more investment experience and more complex needs.

Business operation

The table below sets out a breakdown of our key operating metrics during the indicated periods:

	For the six month ended June 30		Period-on- period change
	2024	2023	(%)
Sale of the SmartInvest Pro series			
Total order amount (in RMB million)	474.5	760.8	-37.6
Number of paying users	18,348	22,389	-18.0
Sale of the SmartInvest Info series			
Total order amount (in RMB million)	451.1	499.6	-9.7
Number of paying users	21,979	15,199	44.6

Order amount

During the Reporting Period, due to factors such as the climate of the domestic capital market, investors' trading sentiment were sluggish; the influence of malicious rights protection refunds by securities investment consultants also led to a decrease in the Group's order amount. Specifically, the order amount generated from the sale of the SmartInvest Pro series was approximately RMB474.5 million, representing a decrease of approximately 37.6% over the same period; the order amount generated from the sale of the SmartInvest Info series was approximately RMB451.1 million, representing a decrease of approximately 9.7% over the same period.

Refund rate

During the Reporting Period, the domestic market was sluggish and fluctuated, investors' risk appetite declined, and trading confidence was significantly insufficient; against this background, the malicious rights protection activities of securities investment advisors have also increased significantly. Affected by this, the refund rate has increased. Among them, the refund rates of the SmartInvest Pro series and the SmartInvest Info series based on the payment amount were 30.3% and 31.0% respectively, while the refund rate for the same period is 14.7% and 18.5%, respectively.

BUSINESS OUTLOOK

Since 2024, the State Council and relevant departments have adopted a series of arrangements to stabilize the market and boost confidence, aiming at comprehensively promoting the high-quality development of the securities market. In April, the State Council issued the “Several Opinions of the State Council on Strengthening Regulation and Preventing Risks and Promoting High-quality Development of the Capital Market (the “**National Nine Opinions**”) to build a blueprint for high-quality development of the capital market. At the same time, the supporting rules were revised to focus on issuance supervision, listed company supervision, delisting supervision, securities company supervision, and trading supervision, etc., and promoted the implementation of the National Nine Opinions and “1+N” policy systems, thus promoting high-quality development. The Third Plenary Session of the 20th CPC Central Committee held in July made further systematic arrangements, emphasizing the need to “improve the functions of the capital market to coordinate investment and financing”, and to establish a long-term mechanism to enhance the inherent stability of the market to promote the healthy and stable development of the market. We firmly believe that with the comprehensive deepening reform of the capital market, the policy system will reshape the market ecology, help the securities industry return to its basics, guide investors to make rational investment, value investment and long-term investment, and usher in new development opportunities for us.

Looking forward to the second half of the year, as a leading online investment decision-making solution provider in China, we have been deeply involved in the online investor content service market in China and have formed a core product strength advantage. We will continue to strengthen our competitiveness, consolidate our leading position in the market, and strive to make investment and financial management easier and more professional, and enhance the happiness of investment and financial management. To this end:

We adhered to product-centric approach, integrating the SmartInvest Pro and SmartInvest Info series, to demonstrate the strength and value of software products; we enriched the small-amount product line and, through the support of data analysis and AI technologies, have adhered to the tenets of diversification and high cost performance ratio to become the intelligent assistant for investors; we refined the learning machine and continued to optimize its functions, so as to improve our product and service system as a whole, enhancing user experience, to meet the needs of investors of different levels and styles in an all-round way, and help them build a professional investment system from multiple perspectives.

We accelerated the digital intelligence transformation and committed to building a more complete and efficient intelligent investment advisory system. We continued to increase investment in research and development, and leverage on our massive, timely and high-quality financial data assets, supported by advanced data analysis and AI technologies, we comprehensively empowered software and hardware products and services, improving user experience. We actively promote the application of AI in various scenarios, such as content creation, intelligent customer service and marketing, with a view to comprehensively improving business efficiency.

We have been deeply engaged in the operation of MCNs and focusing on users, to coordinate the development of traffic, brands and products. We focus on the professionalism and quality of content, optimizing the traffic structure, and build a user operation mindset. Through the deep integration of new media tools such as live streaming and short videos, and with the help of AI technology, we have built a network of fans, and actively explored e-commerce models to effectively achieve efficient conversion of traffic.

FINANCIAL REVIEW

Summary of Financial Results	For the six months ended June 30	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	898,143	860,659
Cost of sales	<u>(180,278)</u>	<u>(145,858)</u>
Gross profit	717,865	714,801
Other (loss)/income, net	(28,101)	102,969
Sales and marketing expenses	(552,956)	(532,046)
Research and development expenditure	(154,498)	(145,470)
General and administrative expenses	(199,281)	(196,738)
Impairment reverse	1,454	–
Loss from operations	(215,517)	(56,484)
Financial cost	<u>(1,270)</u>	<u>(999)</u>
Loss before taxation	(216,787)	(57,483)
Income tax	<u>42,605</u>	<u>19,716</u>
Loss for the period	<u>(174,182)</u>	<u>(37,767)</u>

Revenue

Our revenue increased by 4.4% from approximately RMB860.7 million for the half year ended June 30, 2023 to approximately RMB898.1 million for the half year ended June 30, 2024, mainly due to the increase in revenue from the SmartInvest Info series. The following table sets forth our revenue by business segment for the years indicated:

	For the six months ended June 30			
	2024		2023	
	Amount <i>RMB'000</i>	Percentage of total revenue	Amount <i>RMB'000</i>	Percentage of total revenue
SmartInvest Pro series	444,211	49.5%	514,749	59.8%
SmartInvest Info series	449,512	50.0%	345,909	40.2%
Others	4,420	0.5%	1	0.0%
	<u>898,143</u>	<u>100.0</u>	<u>860,659</u>	<u>100.0</u>

Our revenue from the SmartInvest Pro series decreased by 13.7% from RMB514.7 million in the Corresponding Period to RMB444.2 million in the Period, due to receipts from customers being recognized as revenue over time and the decrease in revenue from customer acquisition orders recognized in 2024 in the second half of 2023 compared with the Corresponding Period.

Our revenue from the SmartInvest Info series increased by 30% from RMB345.9 million in the Corresponding Period to RMB449.5 million in the Period, mainly due to the number of paying users increasing from approximately 15,000 to approximately 22,000, which was partially offset by the increase in refunds.

Cost of sales

Our cost of sales increased by approximately 23.6% from approximately RMB145.9 million for the Corresponding Period to approximately RMB180.3 million in the Period, of which the increase in our staff costs from approximately RMB139.1 million for the Corresponding Period to approximately RMB174.2 million in the Period. The reason is that the Company has maintained a relatively high level of investment in content development and production teams this year, with a view to enhancing product capabilities through refined content and in-depth research, so as to achieve efficient conversion, stable retention and long-term companionship of users.

Gross profit and gross profit margin

Our gross profit for the Reporting Period was RMB717.9 million, which was basically the same as the Corresponding Period. However, the gross profit margin decreased from approximately 83% for the Corresponding Period to approximately 80% for the Period, mainly due to the increase in cost of sales caused by the increase in our staff costs exceeding our revenue growth.

Other (loss)/income

Our other (loss)/income decreased significantly by approximately 127% from an income of approximately RMB103 million for the Corresponding Period to a loss of approximately RMB28 million for the Period, mainly due to RMB94.6 million in investment losses for the Period, the overall performance of the wealth management products investments of the Group was poor caused by the impact of stock market performance and market conditions. The value-added tax refund was RMB54.8 million with a decrease of RMB26.7 million compared to the Corresponding Period, which was in line with the decrease in the total order value. In addition, the other government subsidies was RMB4.8 million.

Sales and marketing expenses

Our selling and marketing expenses increased by approximately 3.9% from approximately RMB532 million for the Corresponding Period to approximately RMB553 million for the Period. Mainly because the Company has increased the amount of professional talent within the corresponding marketing teams in order to expand new business lines.

Research and development expenses

Our research and development expenses increased by approximately 6.2% from approximately RMB145 million for the Corresponding Period to approximately RMB154 million for the Period, this is mainly due to the Company's accelerated development of the "Digital Intelligence" model, pooling of resources to develop an intelligent advisory system, and the increase in research and development expenses towards this goal.

General and administrative expenses

Our general and administrative expenses increased by 1.3% to approximately RMB199 million for the Period from approximately RMB197 million for the Corresponding Period, primarily due to several reasons as shown in the table below: (i) staff cost increased from approximately RMB99 million to approximately RMB103 million as we recruited more staff to deal with the expanding business; (ii) an increase of RMB12 million in depreciation of right-of-use assets as well as an increase of RMB2 million in rental and property fee as compared to the Corresponding Period as a result of the addition of new lease agreements to expand our office area during the Period due to the diversified development and expansion of the Group's business and the potential increase in the number of employees; (iii) server and technical service fees increased by RMB11 million, mainly due to the Company's more spending on cloud services in the field of network security; (iv) listing expenses decreased by RMB22.7 million.

	Six months ended June 30,			
	2024		2023	
	Amount	%	Amount	%
	<i>RMB'000</i>		<i>RMB'000</i>	
Staff Cost	103,437	51.9	99,179	50.4
— including share-based compensation	20,927	10.5	57,250	29.1
Listing expense	—	—	22,680	11.5
Depreciation of right-of-use assets	31,709	15.9	19,512	9.9
Rental and property fee	10,150	5.1	7,886	4.0
Taxes and surcharges	9,715	4.9	13,048	6.6
Office, server and technical service fees	26,247	13.2	12,923	6.6
Others	18,023	9.0	21,510	10.9
	<u>199,281</u>	<u>100.0</u>	<u>196,738</u>	<u>100.0</u>

Income tax benefit

We recognized income tax benefit of approximately RMB43 million for the six months ended June 30, 2024, compared to the income tax benefit of approximately RMB20 million for the Corresponding Period. This was mainly due to (i) the income tax benefit recognized on losses; (ii) the recognition of income tax benefit as a result of the decrease in the balance of contract liabilities at the end of the Period compared to the balance as of December 31, 2023.

Loss for the Period

As a result of the foregoing, we reached a loss of approximately RMB174 million for the six months period ended June 30, 2024, compared to a loss of approximately RMB38 million for the six months period ended June 30, 2023, representing a significant increase of approximately 361%.

FINANCIAL POSITION

MATERIAL INVESTMENTS

Please see “Note 11 to the unaudited interim financial report — Financial assets measured at fair value through profit or loss — Note (vii)” in this announcement for further details.

MATERIAL ACQUISITIONS AND DISPOSALS

On March 8, 2024, JF Information, an indirect wholly owned subsidiary of the Company, entered into an equity transfer agreement to conditionally acquire the entire equity interest of Guangfa Insurance (the “**Guangfa Acquisition**”). The total consideration payable by JF Information for the Guangfa Acquisition is RMB52,000,000. Please refer to the announcement of the Company dated March 8, 2024 for further details.

Save as disclosed above, the Group did not have any other material acquisitions or disposals of subsidiaries, or associated companies for the Reporting Period.

PLEDGE OF ASSETS BY THE GROUP

As of June 30, 2024, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (As of June 30, 2023: Nil).

CONTINGENT LIABILITIES

As of June 30, 2024, we did not have any material contingent liabilities (As of June 30, 2023: Nil).

FOREIGN EXCHANGE RISK MANAGEMENT

For the Period, most of transactions denominated in non-RMB were denominated in U.S. dollars and Hong Kong dollars. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. In the past, the Group has not incurred any significant foreign currency exchange losses in its operations. As of June 30, 2024, the Group had not used any financial instruments for hedging purposes. The management team will continue to closely monitor the Group’s foreign currency exchange risks and will consider implementing appropriate measures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET

As of June 30, 2024, the Group did not have detailed future plans for material investments or capital assets.

EMPLOYEE AND REMUNERATION POLICY

The following tables set forth the number of our employees by function as of June 30, 2024:

Employee function	Number of employees	% of Total
Content Development and Production	604	20.94
Sales and Marketing	886	30.72
Research and Development	654	22.68
Service and Operation	418	14.49
Administration	322	11.17
Total	2,884	100.00

We believe that on-going and continuous development of our employees is critical to our success. We provide our employees with tailored training programmes designed to upgrade their skills and knowledge. We employ and promote our employees based on their personal on-the-job performance and development potential. The remuneration package depends on individual performance, working experience and prevailing salary levels in the market.

SIGNIFICANT SUBSEQUENT EVENTS

Subsequent to the passing of a special resolution in relation to the change of company name by the shareholders of the Company at the annual general meeting of the Company held on June 20, 2024, the English name of the Company has been changed from “JF Wealth Holdings Ltd” to “JF SmartInvest Holdings Ltd” and the dual foreign name in Chinese of the Company has been changed from “九方财富控股有限公司” to “九方智投控股有限公司”. Please refer to the announcement of the Company dated July 25, 2024 for further details.

Save as disclosed in this announcement, there were no important events affecting the Company which occurred from the end of the Reporting Period to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to implementing the best corporate governance practices to protect Shareholders’ rights and enhance corporate value and accountability.

The Company maintains a high standard of corporate governance practices. The Board does not take risks to make short-term gains at the expense of the long-term objectives. The Company has adopted the CG Code contained in Appendix C1 to the Listing Rules on Stock Exchange as its own code of corporate governance since the Listing Date. Save and except for the deviation from code provision C.2.1 of the CG Code as disclosed below, the Company has complied with all the code provisions in the CG Code during the Reporting Period.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. With effect from December 20, 2023, Mr. CHEN Wenbin has served as both the chairman of the Board and the chief executive officer of the Company. Mr. CHEN Wenbin is the founder of the Company, who has in-depth knowledge of the management and business operations of the Company. The Board believes that vesting the roles of both the chairman of the Board and the chief executive officer in the same individual provides the Group with solid and consistent leadership and enables efficient business planning and decision-making. The Board also believes that the balance of power and authority under this arrangement will not be impaired, as all major decisions must be made after approval and resolution by the Board and the relevant committees under the Board. All independent non-executive Directors also provide independent insights to the Board and monitor the management and operation of the Company. The Board will periodically review and consider the effectiveness of this arrangement by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

SCOPE OF WORK ON THE INTERIM RESULTS ANNOUNCEMENT BY AUDITOR

The unaudited interim results for the Period have been reviewed by KPMG, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants.

AUDIT COMMITTEE

The Board of Directors has established the Audit Committee, which consists of independent non-executive Directors, being Dr. ZHAO Guoqing (chairman), Mr. FAN Yonghong and Mr. TIAN Shu. The primary duties of the Audit Committee are to review and supervise financial reporting process and internal control systems of the Company.

The audit committee has reviewed the accounting principles and policies adopted by the Group and the unaudited interim results of the Group for the six months ended June 30, 2024 together with the management of the Company.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

During the six months ended June 30, 2024, the Company repurchased a total of 17,730,000 Shares on the Stock Exchange for an aggregate consideration of approximately HKD198 million (before expenses). The repurchased Shares were subsequently cancelled. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of purchase in the six months ended June 30, 2024	Number of Shares Repurchased	Purchase consideration per Share		Aggregate consideration paid <i>HKD</i>
		Highest prices <i>HKD</i>	Lowest prices <i>HKD</i>	
April	8,007,500	11.40	9.02	81,613,370
May	5,655,500	12.58	11.14	67,532,120
June	4,067,000	12.70	11.02	48,900,200
Total	<u>17,730,000</u>			<u>198,045,690</u>

Save as disclosed above, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares) during the six months ended June 30, 2024. As of June 30, 2024, the Company did not hold any treasury shares.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was successfully listed on the Main Board of the Stock Exchange on March 10, 2023, and the Over-allotment Option (as defined in the Prospectus) was partially exercised on April 2, 2023. The Company issued a total of 59,937,000 new shares at an issue price of HK\$17.00 per share in connection with its global offering and the partial exercise of the Over-allotment Option, and the gross proceeds raised by the Company from the issuance of new shares in connection with its global offering and the partial exercise of the Over-allotment Option amounted to approximately HK\$984.2 million (equivalent to approximately RMB873.3 million)⁽¹⁾, after deducting underwriting commissions and other related expenses in connection with its global offering and the partial exercise of the Over-allotment Option.

Set out below are details of the allocation of the net proceeds, and the unutilized amount of the net proceeds at June 30, 2024. The net proceeds unutilized are currently held as bank deposits and will be continuously used according to the plans disclosed in the Prospectus.

Intended use of net proceeds	Allocation of net proceeds	Net Proceeds from the Global Offering <i>(Approximately million in HKD)</i>	Net proceeds unutilized as at December 31, 2023 <i>(Approximately million in RMB)</i>	Net proceeds utilized during the Reporting Period <i>(Approximately million in RMB)</i>	Balance of net proceeds unutilized as at June 30, 2024 <i>(Approximately million in RMB)</i>	Intended timetable for use of the unutilized net proceeds
i. Improvement of content production capabilities	20%	196.8	147.9	8.0	139.9	By December 31, 2024
ii. Enhancement of the traffic matrix	30%	295.3	-	-	-	N/A
iii. Improvement of technology capabilities	30%	295.3	146.1	48.9	97.2	By December 31, 2024
iv. Investments in external KOLs or external MCNs	10%	98.4	87.2	-	87.2	N/A
v. Working capital and general corporate purposes	10%	98.4	-	-	-	By December 31, 2024
Total	100%	984.2⁽²⁾	381.1	56.9	324.2	

Notes:

- (1) The gross proceeds raised by the Company from its global offering and the partial exercise of the Overallotment Option was converted into Renminbi upon receipt.
- (2) The difference is due to the additional net proceeds of approximately HK\$5.3 million received by the Company in respect of the Over-allotment Shares in April 2023.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at <https://jfhholdings.investorroom.com>. The interim report of the Company for the six months ended June 30, 2024 containing all the information required by the Listing Rules will be published on the above websites and dispatched to the Shareholders in due course (if necessary).

Annual Confirmation of Compliance with Non-competition Undertaking

Reference is made to the Prospectus and the annual report of the Company for the year ended December 31, 2023 (“**2023 Annual Report**”). As disclosed in the Prospectus, Yintech Investment Holdings Limited (“**Yintech Holdings**”), one of the controlling Shareholders, and the Company entered into a non-competition agreement dated February 22, 2023 (“**Non-competition Undertaking**”), pursuant to which Yintech Holdings shall not engage in any business which directly or indirectly compete with the business of the Group. Please refer to the Prospectus for further details regarding the Non-competition Undertaking.

Yintech Holdings has made an annual confirmation to the Company that during the period from the date of the Non-competition Undertaking to December 31, 2023, Yintech Holdings has duly complied with all of the undertaking provisions under the Non-competition Undertaking.

The independent non-executive Directors have reviewed the confirmation and information provided by Yintech Holdings (including its business activities) and are satisfied that all of the undertaking provisions under the Non-competition Undertaking were fully complied with and enforced during the Relevant Period.

The above additional information does not affect other information contained in the 2023 Annual Report and save as disclosed in this announcement, the contents of the 2023 Annual Report remain valid and unchanged.

DEFINITIONS

“App(s)”	application software designed to run on PC, smartphone and other mobile devices
“Articles of Association”	second amended and restated articles of association adopted by special resolution on June 20, 2024, and as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code and Corporate Governance Report
“Company”, “our Company”, “the Company” or “JF SmartInvest”	JF SmartInvest Holdings Ltd (九方智投控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 3, 2021, with its Shares listed on the Main Board of the Stock Exchange on the Listing Date under the stock code 9636
“Corresponding Period”	the six months ended June 30, 2023
“Director(s)”	the director(s) of our Company
“gross billing”	the total amount of cash received for the sale of product/service in such period including tax, net of the total amount of refunds for a specific period

“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries and, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Guangfa Insurance”	Beijing Guangfa Insurance Brokerage Co., Ltd. (北京廣發保險經紀有限公司), a company incorporated in the PRC with limited liability on November 2, 2009
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HKD”	the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“JF Information”	JF (Shanghai) Information Technology Co., Ltd. (極芾(上海)信息技術有限公司), a company incorporated in the PRC on July 23, 2021, and an indirect wholly-owned subsidiary of the Company
“IPO”	initial public offering
“KOL(s)”	acronym for “key opinion leaders”, the users of an internet product who are accepted or trusted by other users of the internet product and can significantly influence their decisions
“Listing Date”	March 10, 2023, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“MCN(s)”	acronym for “multi-channel network,” is an organization that offers assistance in areas such as production, content programming, monetization and audience development to the internet KOLs or internet celebrity
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“PC”	acronym for “personal computer”
the “PRC” or “China”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan

“Prospectus”	the prospectus of the Company dated February 28, 2023
“Period” or “Reporting Period”	the six months ended June 30, 2024
“RMB”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of HKD0.00001 each
“Shareholders”	holder(s) of the Share(s)
“SmartInvest”	九方智投, our proprietary App with both mobile and PC versions through which the Group provide software services
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“traffic”	in terms of traffic in our market matrix, the flow of audience on various media platforms
“%”	percent

By order of the Board
JF SmartInvest Holdings Ltd
CHEN Wenbin
Chairman of the Board

Hong Kong, China, August 29, 2024

As of the date of this announcement, the executive Directors are Mr. CHEN Wenbin, Mr. CHEN Jigeng and Mr. ZHANG Peihong, the non-executive Directors are Mr. YAN Ming and Ms. CHEN NINGFENG and the independent non-executive Directors are Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu.